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CAPITAL FLEES T'IENT-CHING;
HONG KONG TRANSSHIPS NORTH-SOUTH GOODS

TRADE RESTRICTIONS REDUCE PROFITS -- Kung-shang Jih-pao, 4 Jan 50

According to reliable reports from T'ien-ching, businessmen are very pessimistic over the present Hong Kong -- T'ien-ching trade situation. They say that, at present, only those having special contacts with highly placed Communist officials are able to do business. As a result of the difficulties T'ien-ching capital is rapidly fleeing into Hong Kong with a view to re-investment.

There is a glut on the Hong Kong market of beans and bean products and materia medica, which are the best-selling items available from North China, and whose prices are low. Consequently, importers are taking high losses.

Although shipping industrial raw materials to T'ien-ching provides a good profit, the exchange restrictions and barrier requirements of the North China authorities reduce these profits to nil. Hence, regular traders are staying out of the trade.

Those traders who have special connections with the right CCP officials can carry on because of the following advantages: (1) no exchange requirements; (2) quick action on export-import permits; and (3) local officials at both ends who permit rapid turnovers. As a result, such traders have secured a monopoly.

It is reported that recently more than a dozen large firms in T'ien-ching were closed by the authorities, allegedly because they were losing money on their cargo shipments to Hong Kong and were unable to meet their export loan obligations.

A large number of T'ien-ching traders, now in Hong Kong because of their losses on cargo, apparently do no intend to return to the north.

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TRANSHIPMENT TRADE UP -- Wen-hui Pao, 5 Jan 50

Since the North China Trade Bureau announced that shippers engaged in the domestic trade between North and South China (including East China) passing their goods through Hong Kong would not be required to secure export-import permits, there has been a considerable increase in this sort of cargo passing through Hong Kong.

Traders say that the fact that Hong Kong is a free port makes this process advantageous to them. Some northern firms with no representatives in Kuang-chou have sold their cargos to dealers in Hong Kong under contract that the goods would be shipped to Kuang-chou and not elsewhere. This requirement is made necessary by the stipulation of the authorities that goods handled under the provisions of the regulations must reach their declared destination within 40 days. Traders estimate that, under present conditions, 30 days should usually be enough time for cargos to reach Kuang-chou from North China.

Although the reopening of the Kuang-chou--Pei-p'ing rail service will result in rerouting of some trade, the higher costs of rail transport will mean that ocean shipping between North and South China will continue to be popular.

Rumors that all harter trade requirements were to be removed at T'ien-ching, as from 1 January 1950, proved to have been over-optimistic. To date, indications are that only a partial relaxation of the harter requirements has taken place.

NORTH CHINA DOUBLES INTERNAL TRADE -- Wen-hui Pao, 3 Jan 50

T'ien-ching -- Data from the North China Internal Waterways Transport Company reveal that the movement of goods on internal waterways during November 1949 amounted to 5,626,521 pounds as compared with 2,023,221 pounds in October.

The bulk of the freight carried was grain, salt, edible oils, matches, machinery, and pharmaceuticals.

The greater part of the cargo was carried in company boats, the rest in private boats.

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